

BadgerCare Plus: Medicaid and Subsidies Under One Umbrella

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Introduction

Many proposals for federal health reform include two key elements: a Medicaid expansion to include all people below a certain income level; and some form of subsidy to make private insurance coverage more affordable for individuals and families.¹ These subsidies would begin where Medicaid eligibility ends, and phase out as income increases. Wisconsin's BadgerCare Plus program, while it does not include private insurance options, does contain many elements of a Medicaid-plus-subsidies model (Medicaid, CHIP, a CHIP buy-in option, and a coverage option for childless adults). While many questions remain around clarifying how Medicaid expansions and subsidy programs would be administered, BadgerCare Plus can shed some light on how a state might manage a range of health insurance options that combine Medicaid with other insurance products.

Concerned about the impact of the rising costs of health insurance on families, businesses, and local governments, Wisconsin designed a health insurance program to offer affordable coverage to more of its citizens. In February 2008, the BadgerCare Plus Medicaid and Children's Health Insurance Program (CHIP) expansion in Wisconsin began. Since then, BadgerCare Plus has been successful in increasing enrollment, not only of newly eligible groups but also of those who were previously eligible for Medicaid.² Using the flexibility to vary benefit packages provided in the federal Deficit Reduction Act of 2005 (DRA), BadgerCare Plus extends commercial-like health insurance coverage to all children in Wisconsin, as well as to pregnant women, youth leaving foster care, and self-employed parents.³ In conjunction with these coverage expansions, Wisconsin implemented eligibility and enrollment simplifications to facilitate participation in the BadgerCare Plus program.

This issue brief highlights key aspects of BadgerCare Plus in Wisconsin that may be helpful for other states as they seek to create integrated health insurance systems to extend coverage to more of their citizens. The accompanying fact sheets provide additional details on individual features of the BadgerCare Plus program design.

Background

BadgerCare Plus provides health insurance to Wisconsin residents through one comprehensive program that consolidates family Medicaid, CHIP, and Healthy Start under one umbrella. *BadgerCare Plus* relies on authority provided by the DRA to provide health services through two health plans:

1. A standard plan which provides the same benefits as Wisconsin's existing Medicaid package, and
2. A benchmark plan, based on the benefit package provided by Wisconsin's largest low-cost commercial health plan.

1 The Senate Health, Education, Labor and Pensions Committee drafted legislation that includes subsidies to individuals up to 500% FPL and a small business credit. The Senate Finance Committee is discussing individual and small business health insurance tax credits. Committees in the House of Representatives have proposed individual subsidies up to 400% FPL and a small business tax credit.

2 From the implementation of BadgerCare Plus on February 1, 2008 through the end of June 2009, 158,254 beneficiaries enrolled.

3 A further expansion to childless adults began in Milwaukee County in January 2009. This expansion is paid for using only state funds.

The standard plan is available to families up to 200% of the federal poverty level (FPL) and those at higher incomes may participate in the benchmark plan.

BadgerCare Plus raised the income eligibility limits for many categories of beneficiaries above Wisconsin's previous limits for Medicaid and CHIP. Children may now participate in BadgerCare Plus at any income level, with those in families above 200% FPL contributing to monthly premiums on a sliding scale. Youth exiting foster care may participate up to age 21. Parents and caretaker relatives with incomes up to 200% FPL and pregnant women up to 300% FPL can also join BadgerCare Plus.

In addition, BadgerCare Plus simplifies eligibility determination and enrollment, making it easier for eligible individuals to join the program. These simplifications include changes to the way that income is calculated, a less burdensome method for verifying employer-sponsored health insurance status, and a user-friendly online application process.

Finally, BadgerCare Plus expands the state premium assistance program that pays an employee's share of employer-sponsored health insurance, including the monthly premium, co-insurance and deductibles. The premium assistance program also pays for any BadgerCare Plus-covered services that are not included in the private insurance plan.

Relevant Lessons for Program Design

The DRA provides broad guidelines for allowable insurance options and expands state flexibility to modify benefits and cost sharing, but leaves implementation details to states. Hence, as states begin to respond to any new uniform federal requirements regarding health insurance for their citizens, they will need to work within the context of their state's existing health insurance infrastructure. Wisconsin's model of integrating several existing public insurance programs provides a glimpse into successful strategies for tailoring insurance plans to fit unique state circumstances.

“Fit” with State Rules and Procedures

The BadgerCare Plus statutory language defines eligibility for the standard and benchmark plans. In contrast, many of the simplified administrative procedures are spelled out not in statute, but in the Medicaid State Plan. Executive branch agencies in the state of Wisconsin have strong rule-making authority. This allows the agency to make administrative changes to BadgerCare Plus when necessary without involving the legislature. Other states may have more restrictions on actions their Medicaid agencies can take without legislative approval. How this balance is struck in each state may influence how any Medicaid, CHIP, or subsidy reforms are initiated.

Building on Existing Infrastructure

Wisconsin supports a robust insurance industry, with over twenty health maintenance organizations (HMOs) operating in the state's private insurance market. These HMOs have a strong history of participating in the state Medicaid program, including in rural areas. In order to build on this existing care delivery system, Wisconsin requires most BadgerCare Plus beneficiaries to enroll in a managed care plan. Other states will benefit from assessing their own healthcare infrastructures to build on existing strengths when making modifications to their Medicaid programs.

Seamless Interactions Among Insurance Programs

Similar to proposed federal reforms, BadgerCare Plus operates as a system that builds on Medicaid and CHIP while also supporting employer-sponsored insurance. Medicaid and CHIP programs do not operate

in isolation, so it is important for states to consider how these programs interact with employer-sponsored insurance plans and the remaining components of the health care financing sector. In Wisconsin, individuals and families eligible for either Medicaid or CHIP enroll in BadgerCare Plus, and do not need to know which program funds their health insurance. In addition, families above 300% FPL can buy into the CHIP program. Enrollees do not need to apply separately for Medicaid and CHIP; instead, BadgerCare Plus enrolls each beneficiary in the appropriate program.

BadgerCare Plus also includes an option for supporting enrollees in their employer-sponsored insurance plan by expanding the state premium assistance program known as Health Insurance Premium Payment (HIPP). The state can enroll persons eligible for BadgerCare Plus in HIPP when it is cost-effective for the state. Such an arrangement can also help prevent crowd-out and support the employer-sponsored insurance market.

To facilitate the state's assessment of whether HIPP is a viable option for individual beneficiaries, BadgerCare Plus includes a mandate that employers provide the Medicaid agency with information on their insurance offerings. This direct reporting system is more efficient than asking beneficiaries to provide the information.

Relevant Lessons for Program Enrollment

Medicaid officials who developed BadgerCare Plus realized that simplifications to Medicaid eligibility and enrollment processes could achieve the goal of increasing coverage while also saving money for the agency. Thus, the agency included these simplifications along with the coverage expansions.

The 'Welcome Mat' Theory

Marketing BadgerCare Plus as an insurance program, rather than as a public welfare benefit, removes stigma from the program and makes it more consumer-friendly. In addition, the simple message that all children can sign up for BadgerCare Plus resonates with the public and eliminates uncertainty about who qualifies. Finally, covering adults and children through one unified program is a successful strategy for enrolling both parents and children. Other states may wish to consider whether marketing multiple programs under one umbrella will facilitate enrollment.

Training for County Eligibility Workers

Prior to the rollout of BadgerCare Plus, the agency conducted comprehensive training to familiarize county staff with new BadgerCare Plus policies and procedures. These trainings were available in both in-person and distance learning formats. As the agency developed a new BadgerCare Plus enrollment website, they held focus groups with county workers, as well as with Medicaid beneficiaries, to discuss and test the design. The agency made adjustments to the website based on this feedback, and county workers had a chance to familiarize themselves with the new enrollment tool, allowing for smooth implementation.

Outstationed Enrollment Assistance

In an effort to ensure that all applicants had access to the new eligibility and enrollment technology, Wisconsin expanded enrollment locations beyond county offices. The new locations also reduce the stigma of applying for BadgerCare Plus. With a combination of state matching funds and a grant from Anthem Blue Cross Blue Shield, the state trained volunteers from community based organizations to assist with enrollment. In addition, employees of Community Health Centers in Wisconsin assist with enrollment and document verification. They are reimbursed by Medicaid for time spent helping clients enroll in BadgerCare Plus.

The Road to BadgerCare Plus

2005	
	Polls show that Wisconsin citizens support the idea that the state assist uninsured persons with gaining access to health insurance.
November	Governor's advisors begin work on a healthcare proposal, creating a system which builds on Medicaid and CHIP while also supporting employer-sponsored insurance.
2006	
January	Governor introduces BadgerCare Plus in his "State of the State" address as a way to provide health insurance to all Wisconsin children and reduce disparities in birth outcomes.
March	The BadgerCare Plus Advisors Group, representing hospitals, managed care organizations, consumers, businesses, and other stakeholders, begins meeting with the Wisconsin Medicaid Agency. The Advisors Group provides guidance on key policy issues in the design of BadgerCare Plus, including design of the benchmark plan, cost sharing rules, and eligibility limits.
September	Wisconsin begins discussions with CMS.
September	Department of Family Services budget request, including request for funds for BadgerCare Plus, sent to Governor.
November	Advisory referenda on expanding health insurance appear on ballots in many Wisconsin counties.
2007	
January	Governor includes BadgerCare Plus in his biennial budget proposal.
February	BadgerCare Plus proposal is introduced in the legislature as part of Wisconsin's 2007-2009 biennial budget bill.
June	Biennial budget bill containing BadgerCare Plus passed by Senate.
June	CMS extends Wisconsin's BadgerCare §1115 waiver through March 31, 2010.
August	Wisconsin submits a Medicaid SPA to CMS for expanding eligibility for pregnant women.
October	Biennial budget bill containing BadgerCare Plus passed by Assembly.
October	Governor signs BadgerCare Plus into law.
November	CMS approves Medicaid & CHIP state plan amendments that allow BadgerCare Plus to function as one seamless program.
2008	
February	BadgerCare Plus begins in Wisconsin.
March-April	Managed care plans adapt their billing systems for BadgerCare Plus to accommodate the different benefits and co-payment structures of the standard and benchmark plans.
December	CMS approves the waiver to expand coverage to adults without dependent children through the BadgerCare Plus Core Plan.
2008	
January	Expansion to childless adults begins in Milwaukee County.
June	BadgerCare Plus Core Plan opens enrollment to adults without dependent children statewide.
July	BadgerCare Plus Core Plan begins providing benefits to adults without dependent children statewide.

Sustaining BadgerCare Plus

Everyone we interviewed for this project – Medicaid agency staff, legislators, and health care advocates – emphasized that Wisconsin is committed to sustaining BadgerCare Plus through the current difficult economic times. To adjust BadgerCare Plus to the state's difficult fiscal situation, childless adults below 200% FPL will be enrolled in the BadgerCare Plus Core Plan, which provides limited benefits and requires a \$60 application fee. In addition, the state continues to make adjustments to Medicaid and CHIP funding streams through state plan amendments. Wisconsin expects to realize savings from the administrative simplifications that are part of BadgerCare Plus and plans to maintain the program.

Conclusion

BadgerCare Plus successfully utilized flexibility provided by the DRA to expand health insurance to more of Wisconsin's citizens. BadgerCare Plus also successfully combines funding streams from federal and state coffers with individual enrollee contributions, much like subsidy programs proposed by national reforms.

Other states may assess their own health insurance environments and find that aspects of BadgerCare Plus can provide a useful model. For some, an expansion using DRA flexibility is possible. Others may choose to simplify eligibility and streamline procedures or use community outreach and web-based technology to increase enrollment. In each instance, the BadgerCare Plus model demonstrates that it is possible for states to build upon their own unique strengths to expand and streamline coverage even in difficult economic times.

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